Association of Bay Area Governments
Bay Area Air Quality Management District
Metropolitan Transportation Commission

Joseph P. Bort MetroCenter
101 Eighth Street
P.O. Box 2050
Oakland, CA 94607-4756
(510) 464-7942
fax: (510) 433-5542
tedd@abag.ca.gov
abag.ca.gov/jointpolicy/

Joint Policy Committee / Regional Planning Program

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To: Joint Policy Committee

From: Regional Planning Program Director

Subject: Multi-family Development in the Bay Area

The initial JPC work program includes items related to the development of a smart-growth monitoring program and the identification of areas of focus for regional planning resources. In partial service of both work program objectives, I have constructed a data set which permits the tracking of multi-family development throughout the Bay Area. This memo, provided for the JPC's information, is a first summary look at that data set and what it can tell us about the quantity and character of housing growth in the Bay Area's counties and cities.

The data set is constructed from information collected by the U.S. Census. Base data are from the decennial census of population and housing and detail the distribution of existing single-family and multi-family housing units in the year 2000. Change data are from the Census Bureau's monthly survey of building permits issued by place (county or city). The data are subject to a number of qualifications, three of which require emphasis:

- Change data are based on building permits issued. It may be several months or years, if ever, before these permits result in actual housing starts or completions. A few small cities in Contra Costa County do not report permits to the Census Bureau.

- The Census does not differentiate between single-family detached and single-family attached. The attached "row house" form is counted as single-family, though many would regard it as a denser "multi-family" building style indicative of "smarter" growth. On the other hand, "multi-family" includes all units in buildings of two units or more and, therefore, includes duplexes which need not always be associated with higher land-use densities.

- The data for 2004 is based on the first ten months of the year. In some cases, localities have not kept up with the survey, and monthly data has been imputed by the Census Bureau based on established temporal patterns. For purposes of calculating annual rates, the 10-month 2004 data have been factored up to the yearly total which would result were the same monthly rate of permit issuance to continue to the end of the year.

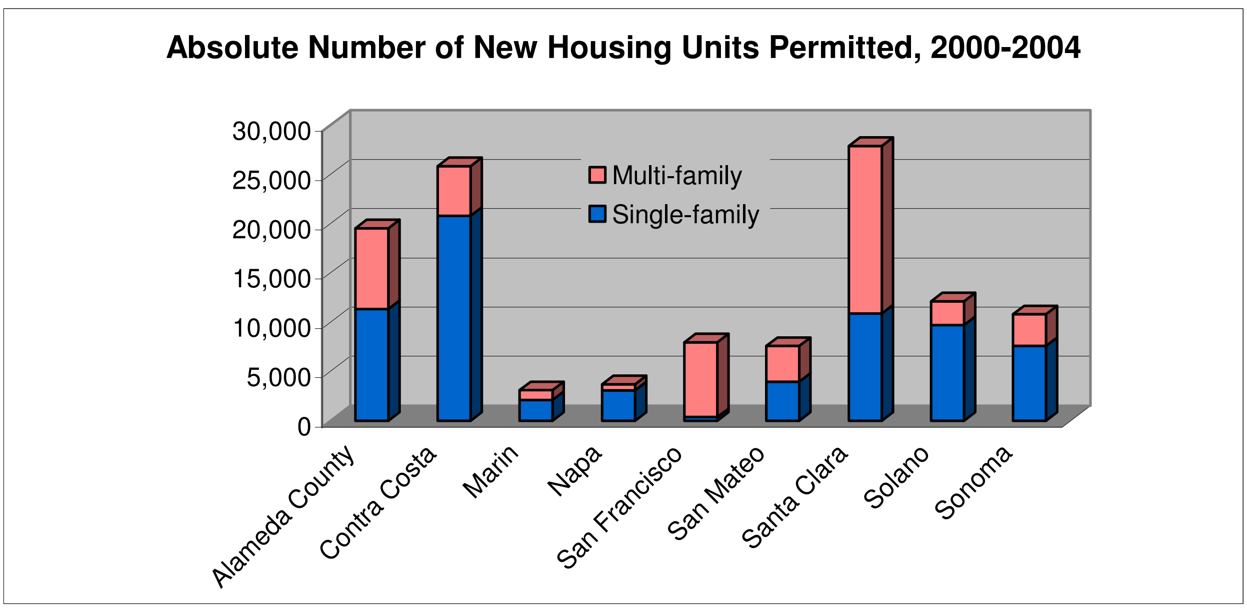
Of course, multi-family development does not equate to "smart growth." There are many other factors involved in meeting the Bay Area's smart growth criteria. These include, for example, location relative to transportation and other infrastructure, community design, mix of uses, and economic and social inclusiveness. However, it is difficult to conceive of smarter growth (and particularly in-fill development) in the Bay Area without higher densities, and that generally means multi-family housing. Multi-family housing is a necessary, though not sufficient, condition of smart growth. If we are not achieving multi-family housing, then we are almost certainly not achieving smart growth. Therefore, the multi-family proportion of new and existing development is a leading, albeit partial, indicator of how "smart" we are and how "smart" we are becoming.

The results to date are mixed, but generally heading in the right direction—with a few notable exceptions. However, we clearly can do more and will need to do more to achieve the regional vision.

This memo looks at new development from three viewpoints: as absolute growth, as growth rates and as comparative distributions (existing development versus new growth). Each view tells a slightly different story. The three views together tell a more complete story.

<u>Absolute Growth</u>

In the year 2000, the Bay Area contained 2,552,402 housing units. Of these, 950,764 (37.3%) were in multi-family buildings. The remaining 1,601,718 (62.7%) were in single-family dwellings. From 2000 through October 2004, 118,440 new housing units were permitted. Of these 48,726 (41.1%) were multi-family and 69,714 (58.9%) were single-family. The distribution of absolute growth by county is shown in this chart.

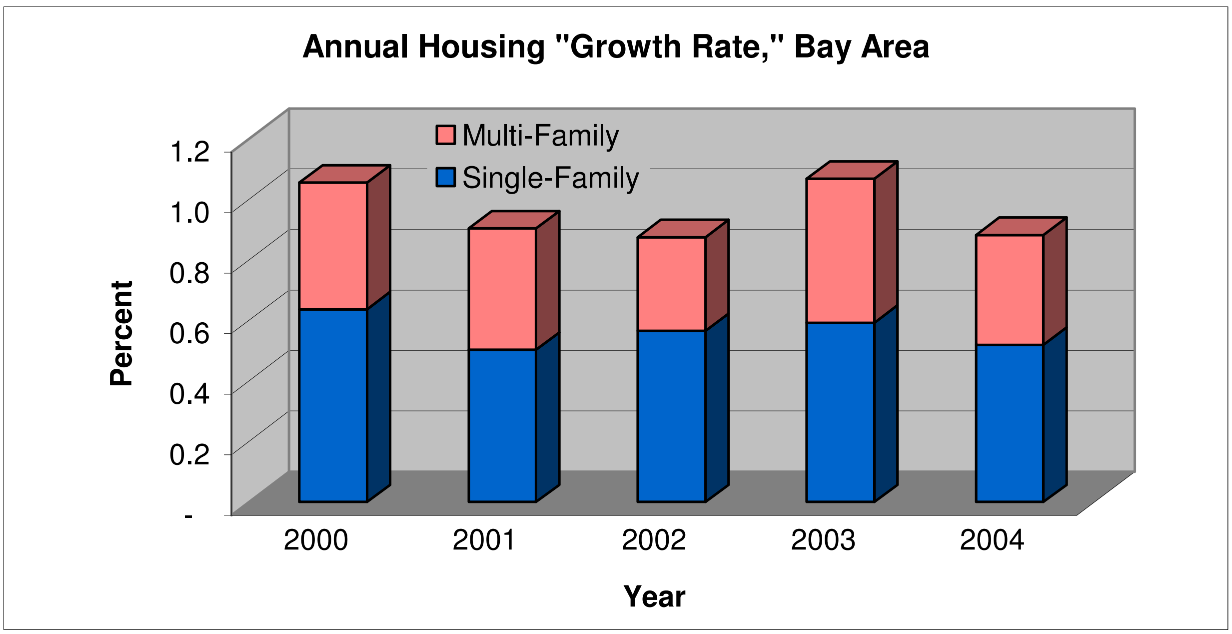


The preponderance of new growth has been in three counties: Alameda, Contra Costa and Santa Clara. Each county exhibits a markedly different distribution of growth between single-family and multi-family units. In Santa Clara, the dominant new housing type is multi-family. Contra Costa is nearly a mirror image, with the majority of new units being single-family. Alameda splits the difference nearly down the middle. In the remaining counties, where growth is not as large, the dominant housing type continues to be single-family, except in San Francisco, which is nearly all multi-family and San Mateo which is producing about as many multi-family units as single-family homes.

Within counties, there are substantial variations by locality. The table in the Appendix provides a detailed breakdown of existing stock and growth numbers by locality.

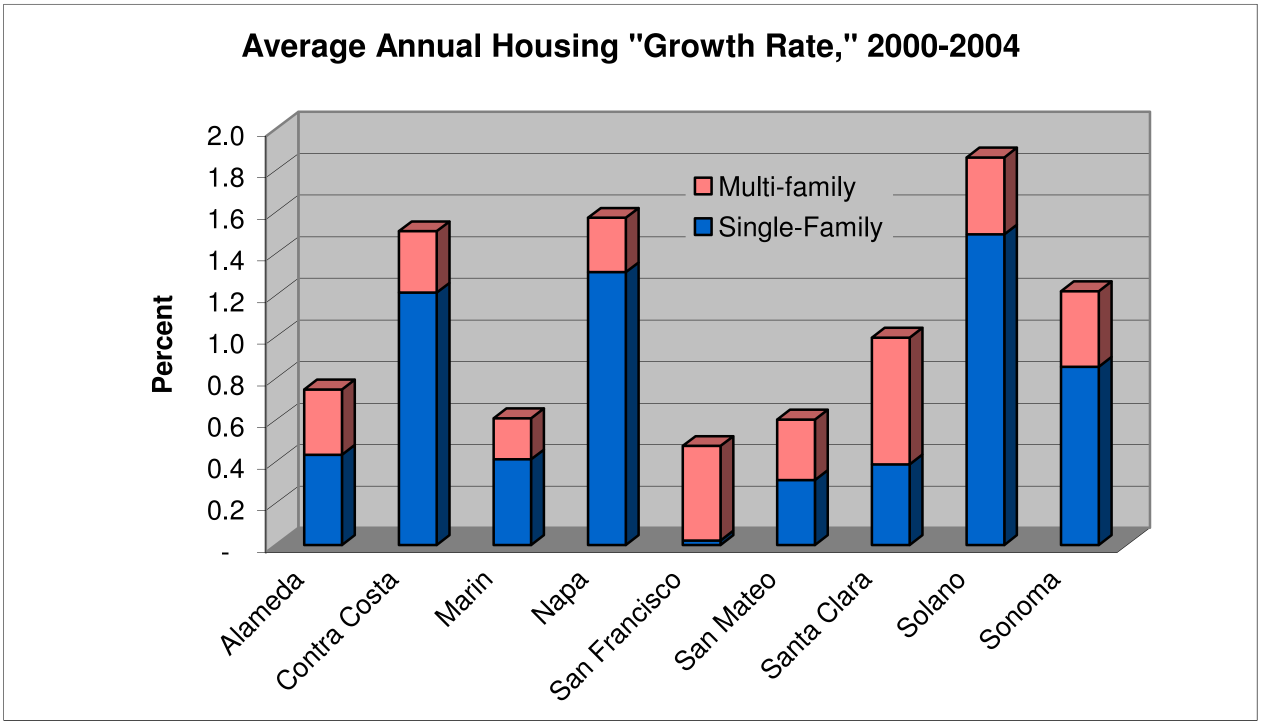
Growth Rates

For purposes of this analysis, "growth rate" is defined as the annual issuance of new housing permits as a percentage of the housing units existing in 2000. Noting that some permits may not result in actual construction (particularly during the year of issuance), this number provides only a rough approximation of an annual, non-compounding growth rate. The chart below shows this rate for the region as whole for the years 2000 through 2004, including the relative contributions of potential single-family and multi-family construction.



The principal message from this chart is the relatively low rate of overall housing growth over the past five years. ABAG's smart-growth-policy-based Projections 2005 calls for an annual non-compounding growth rate of just a little less than 1 percent between 2000 and 2030. For three of the past five years, we have not achieved that rate. The causes for this underperformance are many. Probably both temporary market factors, related to a persistent economic downturn, and structural factors, related to local fiscal and neighborhood change considerations, are at play. Regardless of the cause, we are not making rapid progress to reduce what many perceive as a housing supply gap in the Bay Area.

The chart at the top of the next page shows average annual growth rates by county. This highlights the rapidity of change relative to existing housing numbers in the more outlying suburban and rural counties.

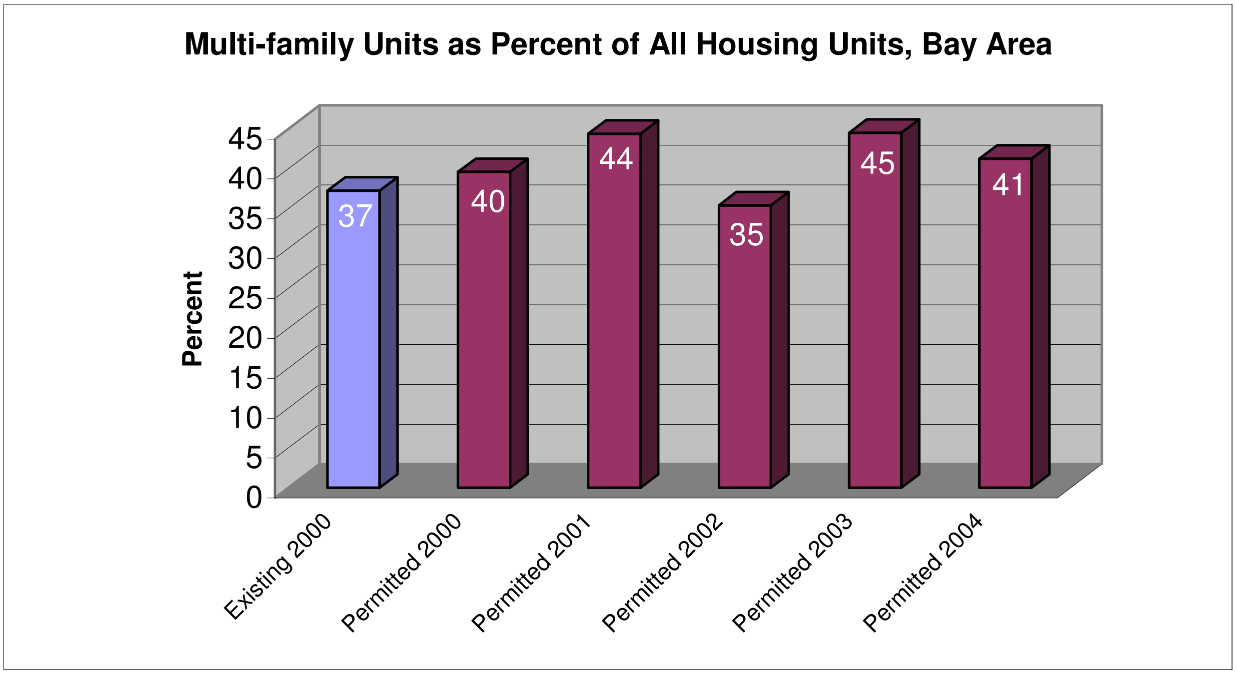


While absolute growth in most of these areas is relatively modest, the change which these counties are experiencing can be perceived as high, as it is large compared to the existing stock. The perceived change is amplified in some counties, as it occurs within a small number of specific areas: for example American Canyon within Napa County. For the most part, high relative growth is associated with single-family development. One county, Contra Costa, is experiencing both high absolute and high relative growth, and most of this growth is in the single-family sector. The magnitude and character of this growth should be of particular concern to smart-growth advocates.

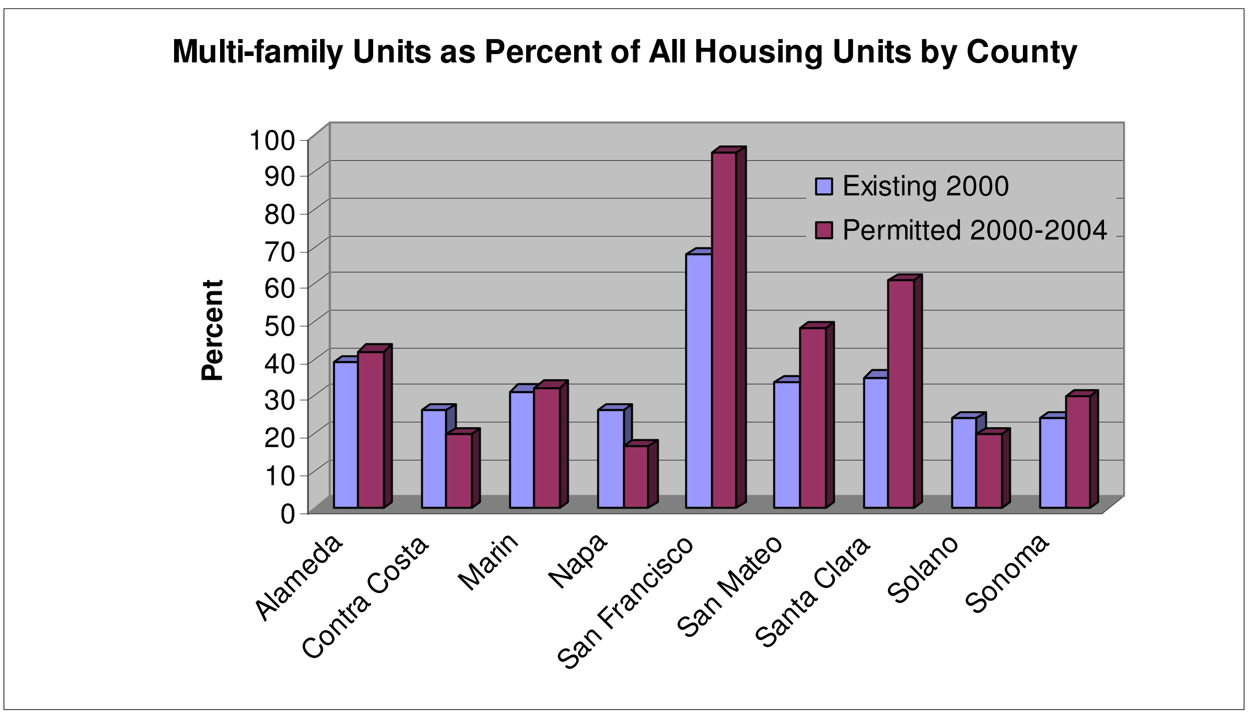
Comparative Distributions: Existing versus New Development

The proportion of multi-family units in new development versus the proportion of multi-family in the existing housing stock is an important indicator of whether we are growing smarter or not. If new development has a higher relative multi-family component than the existing stock, then over time the region will become denser and therefore "smarter" (in its most simplistic sense). If, however, new growth is more characterized by single-family development than is the existing stock, then we are moving in the opposite direction, consuming land at a higher rate and potentially increasing all of the other problems associated with sprawl.

The chart at the top of the next page compares the proportion of multi-family units in the existing housing stock to the percent of multi-family units in newly permitted housing for the Bay Area as a whole for the years 2000 through 2004. In general, we appear to be growing smarter, but at a moderate and uneven pace.

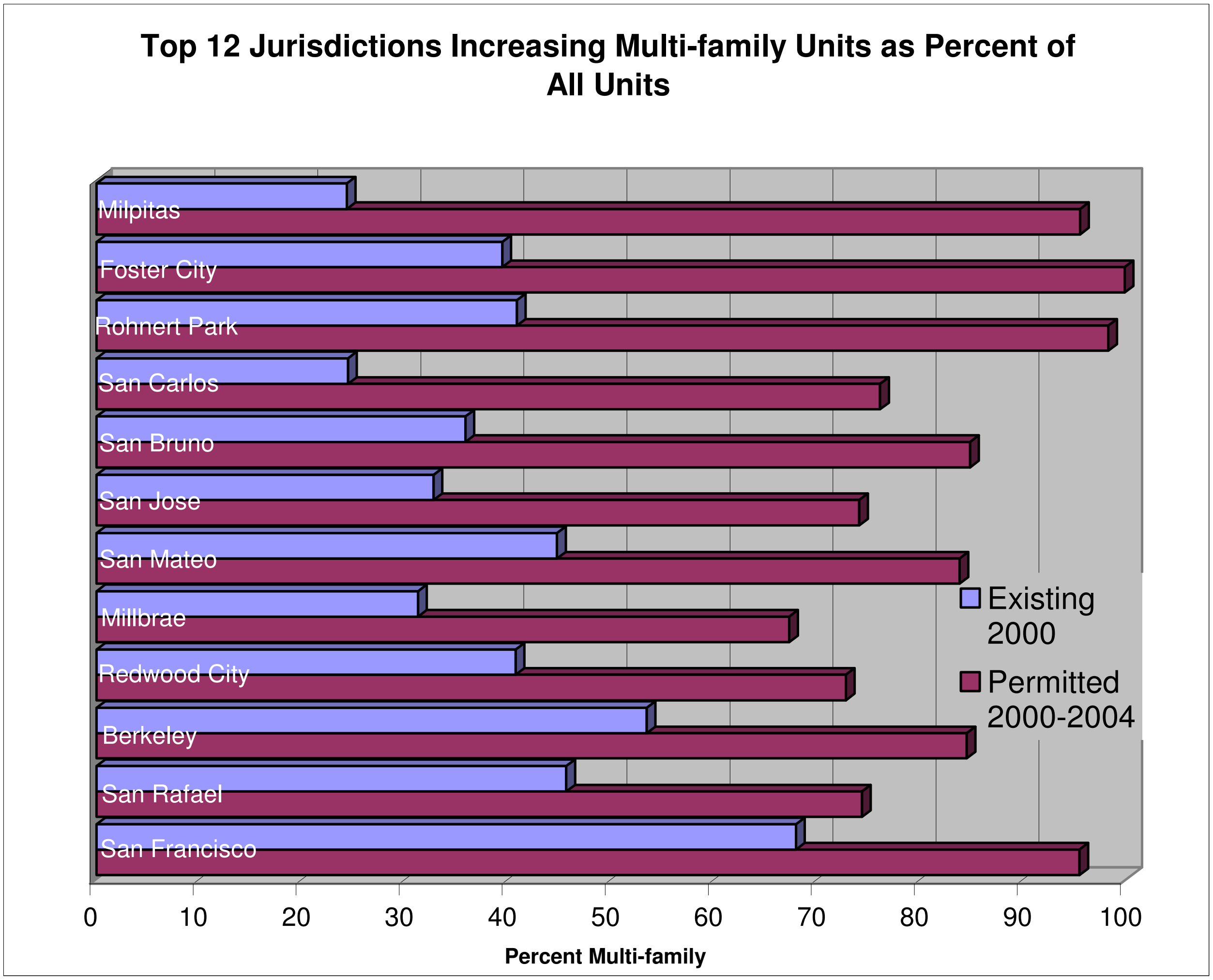


While over the region as whole we are growing only slightly smarter, some areas are increasing their proportion of multi-family stock at a much more rapid rate, thus contributing markedly to



smart-growth objectives. The chart above compares the multi-family component of new growth across counties. The City and County of San Francisco clearly stands out in this comparison. Not only does it have a high existing proportion of multi-family development, it leads the region in the proportion of its new growth composed of multi-family units (over ninety percent). Santa Clara County starts with a much lower base, but is also adding multi-family units at a good pace. San Mateo County, as well, is exhibiting a noticeable trend toward multi-family.

High performing localities are highlighted in the chart below, which lists the twelve areas with the greatest positive difference between existing and permitted proportion of multi-family units. The difference in some specific areas is spectacular. It is noteworthy that these high-performing localities are located within both high and low performing counties. Local policies and local market context would both appear to be in play.



A number of other cities are also performing well. The table on the next page lists all the cities and unincorporated areas where the proportion of multi-family units in permitted housing exceeded the proportion of multi-family units in the existing stock. Notably, both urban places on the Bay Plain and some suburban municipalities in the farther reaches of the region are on this list.

Jurisdictions Increasing Proportion of Multi-family Housing Units

Jurisdiction	**Percent Multi-family Existing 2000**	**Percent Multi-family Permitted 2000-2004**
Milpitas	24	95
Foster City	39	100
Rohnert Park	41	98
San Carlos	24	76
San Bruno	36	85
San Jose	33	74
San Mateo	45	84
Millbrae	31	67
Redwood City	41	73
Berkeley	53	84
San Rafael	46	74
San Francisco	68	95
Saratoga	5	32
Petaluma	19	46
Dublin	28	54
South San Francisco	29	53
Danville	6	28
Pleasant Hill	30	49
Belmont	36	53
Cupertino	28	45
Napa	30	47
Pinole	19	35
Vacaville	25	41
Fremont	30	44
East Palo Alto	44	57
Oakland	50	63
Sebastopol	33	45
Emeryville	87	99
Half Moon Bay	24	36
Unincorp. Santa Clara County	20	31
Concord	34	45
Santa Clara	46	57
Union City	24	34
Benicia	26	35
Unincorp. Contra Costa County	21	30
Cotati	27	34
Sonoma	31	38
Dixon	14	20
Sunnyvale	54	60
Livermore	19	25
Richmond	35	40
Portola Valley	15	19
Hercules	14	17
Healdsburg	22	25
Walnut Creek	47	49
Sausalito	53	54
Unincorp. Alameda County	23	24
Oakley	7	8

Conclusion

While only about half of the region's localities are increasing their proportions of multi-family stock, the number of places that have been able to add substantial complements of new multi-family units is encouraging. This is particularly so given the relative lack of incentives, frequently cited fiscal disincentives, and pervasive NIMBYism. There are clearly some success stories from which the region and all its constituent local governments can learn.

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Alameda County						
Alameda	72,259	31,644	47.2	248	0.2	26.6
Albany	16,444	7,248	45.4	47	0.1	25.5
Berkeley	102,743	46,875	53.4	605	0.3	84.5
Dublin	30,007	9,889	28.1	3,936	8.2	54.2
Emeryville	6,882	4,274	87.3	814	3.9	99.4
Fremont	203,413	69,452	29.9	1,051	0.3	44.0
Hayward	140,660	49,960	43.1	1,631	0.7	10.4
Livermore	73,841	26,550	19.2	2,660	2.1	24.7
Newark	42,471	13,150	22.6	255	0.4	0.8
Oakland	399,484	157,505	50.4	3,991	0.5	63.0
Piedmont	10,952	3,859	2.0	4	0.0	-
Pleasanton	65,058	23,987	23.5	1,468	1.3	14.2
San Leandro	79,452	31,300	33.2	641	0.4	0.3
Union City	66,883	18,862	24.1	1,162	1.3	34.3
Unincorp. Alameda County	133,192	45,628	23.0	999	0.5	24.0
Alameda County Total	1,443,741	540,183	39.0	19,512	0.7	42.0
Contra Costa County						
Antioch	91,293	30,166	19.4	3,676	2.5	10.0
Brentwood	24,385	7,767	13.1	6,541	17.4	3.3
Clayton	10,863	3,976	1.3	NA	NA	NA
Concord	124,467	44,967	33.9	1,352	0.6	45.0
Danville	42,958	15,336	6.3	303	0.4	28.1
El Cerrito	29,116	10,503	27.0	41	0.1	9.8
Hercules	19,497	6,502	13.7	1,627	5.2	17.5
Lafayette	25,334	9,213	16.8	NA	NA	NA
Martinez	42,061	14,637	21.3	289	0.4	1.4
Moraga	16,333	5,827	13.8	NA	NA	NA
Oakley	25,845	7,975	7.3	1,024	2.7	7.8
Orinda	17,599	6,753	4.6	NA	NA	NA
Pinole	30,806	6,888	19.1	133	0.4	35.3
Pittsburgh	77,479	18,379	27.7	2,131	2.4	23.9
Pleasant Hill	39,186	14,047	30.1	416	0.6	48.6
Richmond	119,443	36,151	35.1	1,740	1.0	39.8
San Pablo	30,215	9,339	47.6	402	0.9	35.1
San Ramon	44,834	17,425	27.6	374	0.4	10.4
Walnut Creek	78,848	31,480	46.5	430	0.3	48.8
Unincorp. Contra Costa County	58,254	57,246	21.2	7,443	2.7	30.0
Contra Costa County Total	948,816	354,577	26.1	25,835	1.5	19.6

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Marin County						
Belvedere	2,125	1,060	12.9	12	0.2	-
Corte Madera	9,242	3,841	21.3	12	0.1	-
Fairfax	8,548	3,387	26.2	9	0.1	-
Larkspur	24,804	6,452	56.4	36	0.1	-
Mill Valley	24,488	6,281	26.4	41	0.1	9.8
Novato	52,907	18,975	28.7	1,644	1.8	25.3
Ross	2,329	820	2.4	14	0.4	-
San Anselmo	14,740	5,455	23.2	44	0.2	4.5
San Rafael	68,582	22,963	45.6	634	0.6	74.3
Sausalito	10,764	4,533	52.8	48	0.2	54.2
Tiburon	14,720	3,906	32.9	138	0.7	25.4
Unincorp. Marin County	14,040	27,317	17.7	453	0.3	9.3
Marin County Total	247,289	104,990	31.3	3,085	0.6	32.3
Napa County						
American Canyon	9,784	3,279	27.8	1,730	10.9	-
Calistoga	5,190	2,249	49.2	38	0.3	-
Napa	75,940	27,758	30.1	1,289	1.0	47.2
St. Helena	5,951	2,708	31.4	51	0.4	7.8
Yountville	3,297	1,133	32.2	24	0.4	8.3
Unincorp. Napa County	24,279	11,427	10.3	557	1.0	-
Napa County Total	124,441	48,554	26.3	3,689	1.6	16.7
San Francisco						
San Francisco	776,733	346,527	67.9	7,967	0.5	95.4
San Mateo County						
Atherton	7,194	2,505	0.3	105	0.9	-
Belmont	25,287	10,628	35.6	204	0.4	52.9
Brisbane	3,597	1,818	30.8	72	0.8	-
Burlingame	29,354	12,858	49.3	137	0.2	27.7
Colma	1,187	353	28.6	87	5.1	18.4
Daly City	108,783	31,253	35.0	332	0.2	2.1
East Palo Alto	29,506	7,059	43.7	894	2.6	57.4
Foster City	28,803	12,009	39.4	471	0.8	99.8
Half Moon Bay	11,842	4,151	24.4	299	1.5	35.8
Hillsborough	10,825	3,804	0.2	89	0.5	-
Menlo Park	35,254	12,738	38.9	127	0.2	-
Millbrae	20,718	8,114	31.2	174	0.4	67.2
Pacifica	38,445	14,255	22.5	114	0.2	17.5
Portola Valley	6,905	1,809	14.6	59	0.7	18.6

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Redwood City	99,210	28,928	40.7	297	0.2	72.7
San Bruno	40,165	14,951	35.8	427	0.6	84.8
San Carlos	29,018	11,598	24.4	142	0.3	76.1
San Mateo	96,692	38,236	44.7	1,034	0.6	83.8
South San Francisco	60,732	20,161	29.0	945	1.0	52.6
Woodside	6,456	1,989	1.6	76	0.8	-
Unincorp. San Mateo County	17,190	21,359	14.5	1,494	1.4	12.2
San Mateo County Total	707,163	260,576	33.6	7,579	0.6	48.0
Santa Clara County						
Campbell	39,286	16,348	45.9	219	0.3	-
Cupertino	52,970	18,714	28.1	676	0.7	45.3
Gilroy	48,065	12,167	30.1	1,650	2.8	15.8
Los Altos	30,254	10,730	11.0	250	0.5	-
Los Altos Hills	9,455	2,835	1.1	162	1.2	-
Milpitas	62,810	17,369	24.3	687	0.8	95.5
Monte Sereno	4,284	1,237	7.4	50	0.8	-
Morgan Hill	38,156	11,110	24.2	1,041	1.9	20.9
Mountain View	70,877	32,437	60.4	728	0.5	48.5
Palo Alto	71,914	26,155	37.4	536	0.4	29.7
San Jose	941,998	281,706	32.7	16,865	1.2	74.0
Santa Clara	102,361	39,602	46.4	2,818	1.5	56.9
Saratoga	30,384	10,667	5.2	400	0.8	32.3
Sunnyvale	133,086	53,750	53.6	999	0.4	59.6
Unincorp. Santa Clara County	14,796	44,502	20.0	798	0.4	31.3
Santa Clara County Total	1,650,696	579,329	35.0	27,879	1.0	61.0
Solano County						
Benicia	26,928	10,552	25.5	347	0.7	34.6
Dixon	16,180	5,147	13.7	593	2.4	20.2
Fairfield	96,545	31,867	26.3	4,387	2.9	20.7
Rio Vista	4,715	1,989	19.5	1,152	12.0	0.2
Suisun City	26,620	8,149	14.1	569	1.4	-
Vacaville	89,304	28,675	25.2	2,735	2.0	40.5
Vallejo	119,917	41,161	27.0	2,084	1.0	6.7
Unincorp. Solano County	14,313	6,973	12.9	237	0.7	0.8
Solano County Total	394,522	134,513	24.2	12,104	1.9	19.8
Sonoma County						
Cloverdale	7,052	2,636	23.4	566	4.4	0.7
Cotati	7,279	2545	26.8	374	3.0	34.5
Healdsburg	11,253	4,152	21.6	243	1.2	24.7
Petaluma	55,743	20,340	19.3	1,007	1.0	46.3

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Rohnert Park	42,236	15,820	40.8	666	0.9	98.2
Santa Rosa	165,849	57,514	30.9	4,706	1.7	31.0
Sebastopol	8,108	3,328	32.5	82	0.5	45.1
Sonoma	9,754	4,632	30.6	496	2.2	37.7
Windsor	22,744	7,736	17.3	1,025	2.7	12.7
Unicorp. Sonoma County	128,596	64,450	14.9	1,625	0.5	5.3
Sonoma County Total	458,614	183,153	23.9	10,790	1.2	29.7
Bay Area Total	6,752,015	2,552,402	37.3	118,440	1.0	41.1